

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**  
**COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER



DATE \_\_\_\_\_

**April 22, 2009**

**MOTOR CARRIER MATTER**



DOCKET NO.

**2009-2-E**

## UTILITIES MATTER



ORDER NO.

**SUBJECT:**

DOCKET NO. 2009-2-E - Annual Review of Base Rates for Fuel Costs of South Carolina Electric and Gas Company - Discuss this Matter with the Commission.

**COMMISSION ACTION:**

Move that we find as follows:

- Hold that the fuel purchasing practices, plant operations, and fuel inventory management of SCE&G are prudent for the period February through December, 2008;
- Accept and approve as reasonable and in the public interest the Settlement Agreement submitted by the parties and testified to by the witnesses;
- Order that SCE&G set its fuel components as follows. A base fuel component of 3.621 cents/ kWh for all classes; and, added to the base component are the following environmental components by class:
  - a. For the residential class, 0.050 cents/kWh;
  - b. For the Small General Service class, 0.041 cents/kWh;
  - c. For the Medium General Service class, 0.033 cents/kWh; and
  - d. For the Large General Service class, 0.025 cents/kWh.

(These factors will be applicable beginning with the first billing cycle in May 2009 extending through the last billing cycle of April 2010.)

- Hold that the first dollars recovered in the succeeding twelve months beginning with the first billing cycle for May 2009 shall be applied to the under-recovery so that in the next fuel proceeding for SCE&G any under-recovery will be for the period for May 2009 through April 2010.
- Approve the recovery of carrying costs on an amount equal to approximately two-thirds of the actual under-collected amount, that is, the amount calculated to be the difference between the total actual under-collected amount as of April 30, 2009 and the amount of \$37,156,076.67.
- Approve, for the three year recovery period, that the applicable interest rate used to calculate the carrying costs, be the rate of interest as of the first day of each month during the three year period for 3-year U.S. Government Treasury Notes, as reported in the *Wall Street Journal*, plus an all-in spread of 65 basis points,

subject to the right of any Party to request in SCE&G's 2010 and 2011 fuel proceedings that the Commission set a different interest rate to be applied to the uncollected balance in the second and third years of the three-year recovery period. The total carrying cost rate to include the 65 basis points shall not exceed 6%.

- Order SCE&G to perform an analysis of the feasibility, costs and potential benefits of operating a financial hedging program for its coal supplies as set out in the settlement agreement, including provision of a final written report to the parties and Commission by January 15, 2010.
- Hold that SCE&G shall apply any money received from litigation, arbitration, or negotiated settlements with coal suppliers where the dispute is for non-deliveries, defaults or other similar non-performance issues or for other matters related to or associated with S.C. Code Ann. Section 58-27-865 to reduce the fuel costs account. The Company shall provide quarterly reports to the parties showing the Company's efforts to seek compensation for non-deliveries, defaults, or other similar non-performance.
- Approve all accounting adjustments and recommendations proposed by ORS witnesses Jacqueline R. Cherry and A. Randy Watts, with the exception of the interest rate as agreed upon in the Settlement Agreement.
- Order SCE&G to continue all current filing, reporting and notice requirements as set out in Order No. 2008-323 and statutes and regulations referenced therein, and,
- Order the parties to abide by all terms and conditions of the Settlement Agreement.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:30 p.m.

	MOTION	YES	NO	OTHER
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding



